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**USTR BARSHEFSKY ANNOUNCES U.S. VICTORY  
IN WTO DISPUTE WITH INDIA**

United States Trade Representative Charlene Barshefsky today announced that the United States has won its WTO case against India for its failure to provide intellectual property rights protection as required by the WTO Agreement. This case is the first intellectual property rights dispute to go through the WTO panel process.

“The panel decision sets an important precedent for enforcement of U.S. rights,” said Ambassador Barshefsky. “It serves notice that all WTO members, including developing countries, must carry out their obligations under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. The message from the panel is clear: for developing countries benefiting from the phase-in of TRIPS obligations, the phase-in period will not be a free ride.”

In the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), developing countries that did not provide patent protection for pharmaceutical and agricultural chemicals were given ten years to establish such protection. In the interim these countries were required to establish a “mailbox” system to receive patent applications, and to assign each application a priority date based on the date the application was filed. When patent protection is ultimately provided for pharmaceuticals and agricultural chemicals in these countries, all mailbox patent applications must be examined based on their priority date. For an invention to be given patent protection, it must generally be new, involve an inventive step, and be capable of industrial application. Under the mailbox system, countries must determine whether an invention is new and involves an inventive step as of the priority date of the mailbox application. In addition, the TRIPS Agreement requires that countries grant exclusive marketing rights to certain products that are subject to mailbox applications.

The panel’s final report agreed with the U.S. claim that India failed to implement its obligation to establish mailbox and exclusive marketing rights systems. India’s assertions that an unpublished administrative system qualified as a mailbox system were firmly rejected. All developing countries

are now on notice that they must fully and immediately implement the mailbox and exclusive marketing rights obligations under the TRIPS Agreement.

## **Background**

On July 2, 1996, the United States requested WTO dispute consultations with India regarding India's lack of compliance with Articles 70(8) and 70(9) of the TRIPS Agreement. Article 70(8) requires India to establish the mailbox system for patent applications. In 1994, the Indian Government issued provisional legislation to establish such a mailbox system, but Parliament refused to enact it on a permanent basis and it expired. Article 70(9) requires India to grant exclusive marketing rights to certain products subject to mailbox applications. India has never implemented Article 70(9). After the WTO consultations, held on July 27, 1996, the United States requested a panel, and it was established on November 20, 1996.

During the panel proceedings, India claimed that it was actually receiving mailbox applications through an unpublished administrative system, and that this system fulfilled India's obligations under Article 70(8). The panel rejected India's arguments, finding that the lack of legal security for applications in India's mailbox system was such that it could not meet the requirements of Article 70(8). The panel also concluded that India has failed to meet its obligation to provide exclusive marketing rights under Article 70(9).

In addition, the panel expressed its opinion that India was in violation of Article 63 of TRIPS because it never notified the WTO of the legal basis for its administrative system for the filing of mailbox applications. This portion of the report puts all developing countries on notice that they are obligated under the TRIPS Agreement to notify immediately their implementation of the mailbox and exclusive marketing provisions. In this way, the panel report will strengthen significantly the United States' ability to track TRIPS compliance.